

Yokogawa Electric Corporation

Our Groupwide Approach for Fiscal Year 2011

May 16, 2011

Shuzo Kaihori, President and Chief Executive Officer

Yokogawa would like to express its heartfelt condolences to the victims of the Great East Japan Earthquake.

We fervently hope for an early recovery of the disaster-stricken area.


Summary of FY10 Results

YOKOGAWA ◆

■ FY10 Financial Results

(Billion ¥)

	FY09 results (A)	FY10 budget	FY10 results (B)	Difference (B-A)
Orders	315.2	340.0	334.1	18.9
Sales	316.6	328.0	325.6	9.0
Operating income	2.6	11.0	11.1	8.5
Ordinary income	0.2	8.0	8.6	8.4
Net income	(14.8)	(2.5)	(6.7)	8.1

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- ◆ Loss on valuation of investment securities: ¥2.3 billion
 - ◆ Extraordinary loss from voluntary retirement program: ¥2.7 billion

Positioning of FY09-10

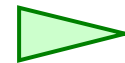
A period of structural reform with an eye
on the next growth phase

- Action plan for reduction of fixed costs
- Action plan for review of business portfolio

■ Action plan for reduction of fixed costs

◆ Reduction in fixed costs

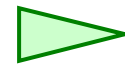
Initial target: ¥34 billion



Result: ¥59 billion

◆ Break-even point

Initial target: ¥350 billion



Result: ¥309 billion

■ Action plan for review of business portfolio

- 【Basic policy】**
- Focus resources on the control segment.
 - Maintain and develop the company's core measurement technologies.
 - Select and quickly establish new businesses.
 - Discontinue loss-making businesses.

All loss-making businesses have been reviewed.

Discontinue

Photonics
Advanced stage

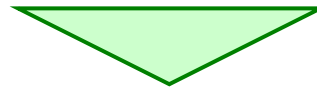
Scale down

Semiconductor testers
Magnetoencephalographs (MEG)

Spin out

Measuring instruments

- Remaining items for structural reform
 - ◆ Complete discontinuance of the photonics business and decide on a course of action that will make the most effective use of the Sagamihara Office.
 - ◆ Enter into semiconductor tester related alliances.



Concentrate efforts on achieving both items in FY11.

■ Remaining items for structural reform

Discontinue

Photonics
Advanced stage

Scale down

Semiconductor testers
Magnetoencephalographs (MEG)

Solicit applications for voluntary retirement from employees engaged in these businesses.

A tough choice was made to carry out an essential reform of the cost structure in the control segment without injecting additional resources, as this would have impacted profitability.

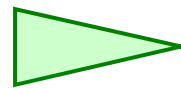
■ Almost no direct impact on our major facilities

◆ Japan control segment

Customers with earthquake damage: Recovery plans are underway for some customers but many others face a very unclear situation.

Uncertain outlook

Shortage of electronic parts
Restricted power consumption



Possible impact on the Group's
manufacturing activities

Temporary negative impact possible in FY11 1H

- Delayed forecast of FY11 business results
 - ◆ Concerns about procurement of electronic parts and power grid situation
 - ▶ Improving day to day but uncertainty still prevails

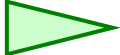
The FY11 forecast will be announced once the situation becomes clearer.

- Postponed announcement of mid-term business plan

The timing will be decided after the forecast of the FY11 consolidated business results is announced.

■ Minimize business risks

- ◆ Disaster-related difficulties in procuring electronic parts, restricted power consumption, etc.

 Minimize risks that will have a negative impact on our business activities.

■ Control segment

- ◆ Implement growth strategy for non-Japan markets.
- ◆ Fully support recovery of Japan customers whose operations have been impacted by the earthquake.

■ Japan market

Temporary post-quake slowdown possible in 1st half of FY11

- ▶ Quake-recovery demand will grow in the mid- to long-term from 2H.

■ Non-Japan market

Petrochemical, chemical, oil & gas upstream, refining, and other energy-related markets

- ▶ Market growth will be stable in the mid- to long-term centering on emerging countries.

In the power sector, our largest market, increased investment in thermal power generation will come into play.

- ▶ The market will expand in size.

Improve profitability for the control segment by promoting growth strategies while undertaking post-quake measures.

- ◆ President and CEO Shuzo Kaihori
- ◆ Directors
 - Hitoshi Nara
 - Satoru Kurosu
 - Takashi Nishijima
- ◆ Outside Directors
 - Yasuro Tanahashi
 - Nobuo Katsumata
 - Mitsudo Urano

Hitoshi Nara

April 1985: Joined Yokogawa Hokushin Electric Corporation (renamed Yokogawa Electric Corporation in 1986)

October 2001: Appointed Deputy Managing Director, Yokogawa Engineering Asia Pte. Ltd.

October 2003: Appointed Managing Director, Yokogawa (Thailand) Ltd.

January 2007: Appointed Head of Sales Div. I, Industrial Solutions Business Headquarters

April 2010: Appointed Senior Vice President, Head of Industrial Solutions Business Headquarters

Satoru Kurosu

April 1983: Entered Yokogawa Hokushin Electric Corporation (renamed Yokogawa Electric Corporation in 1986)

April 2006 : Appointed Vice President, Head of Marketing Center, Industrial Automation Business Headquarters

April 2007 : Appointed Senior Vice President, Head of Industrial Automation Business Headquarters

April 2009 : Appointed Senior Vice President, Head of Global Business Headquarters

April 2010 : Appointed President, Yokogawa Engineering Asia Pte. Ltd.

April 2011 : Appointed Senior Vice President, Head of IA Marketing Headquarters

Takashi Nishijima

April 1981: Joined Hokushin Electric Works, Ltd. (presently, Yokogawa Electric Corporation)

April 2001 : Appointed Head of Development and Engineering Dept. 2, Field Instruments Business Division

April 2005 : Appointed Head of Field Instruments Product Marketing Dept., Industrial Automation Business Headquarters

October 2008: Appointed Head of Control Products Business Center, Industrial Automation Business Headquarters

April 2010: Appointed President of Yokogawa Meters & Instruments Corporation

Mitsudo Urano

April 1971: Entered Nippon Reizo Co. Ltd. (presently, Nichirei Corporation)

April 1997: Appointed General Manager, Strategic Planning Division

June 1999: Appointed Director

June 2001: Appointed Representative Director and President

June 2007: Appointed Representative Director and Chairman

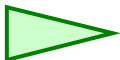
**Concurrent positions: Outside Director, Mitsui Fudosan Co., Ltd., Outside Auditor, JX Holdings, Inc.,
Outside Auditor, NSD Co., Ltd.**

■ Reduction of capital surplus and retained earnings reserve and disposition of other reserve

Make more funds available for dividends, which have been impacted by engaging in loss-making businesses and incurring expenses for structural reform.

■ Renewal of takeover defense measures

The current tender offer system does not allow sufficient time for our shareholders to review the acquisition terms or for the Board of Directors to consider alternatives to the acquisition.

 To help eliminate arbitrary decisions by directors, Tomomi Yano, a former Senior Managing Director of the Pension Fund Association, will be invited to join the independent committee as an outside expert.

We regret to inform that no dividends will be paid due to the net loss and the status of net assets. We are truly sorry about the impact this will have on our investors.

We will make an all-out effort to improve profitability so as to resume paying dividends as soon as possible. Your understanding will be appreciated.

The information pertaining to our business plans and forecasts that has been provided in this presentation and at analyst meetings contains forward-looking statements that are based on our management's current knowledge and require the making of assumptions about future events. As such, it cannot be guaranteed that these statements will not differ materially from actual results.

